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# **South Africa, Republic of**

## **Grain and Feed**

### **Update**

### **2002**

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#### **Report Highlights:**

**In spite of reports that a moderate El Nino can be expected this year, we still maintain our 9.5 million ton estimate for the 2002 corn crop, compared to the 9.2 million ton 2001 crop. The bigger crop expected is due to an increase in the area planted and increased use of inputs. A bigger crop will alleviate supply pressure in the region and may even soften prices, which are currently a big concern for both government and the consumer.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Pretoria [SF1], SF

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## Executive Summary

In spite of a less than ideal early season rainfall we are maintaining our estimate for a 9.5 million ton corn crop this season. The total area to be planted is expected to be bigger than the previous season, which produced about 9.2 million tons. Irrigated area is also expected to expand while fertilizer sales are up. The prospect of an El Nino developing has increased since our last report and is a growing concern. In South African El Nino implies lower rainfall. Both current season consumption and exports are down compared to the previous season, which implies that about 1.175 million tons may be carried over to the new season.

Compounding the regional famine in Malawi, Zambia and Zimbabwe, is the fact that actual purchases from South Africa have been limited, hindered by a lack of foreign exchange in the affected countries. Zambia still insists on non-GMO corn which, according to recent reports, could lead to some sales. South Africa is, however, planting GMO white corn this season, joining the GMO yellow already in use, making segregation the crops more difficult. Non-GMO yellow corn sales to overseas customers have been limited to 30,000 tons so far this season compared to about 250,000 tons for the same period during the previous season, mainly due to the high local price levels. High prices are also a concern to domestic consumers and the government. Prices, which are the result of South Africa's free market policy leading to import parity pricing in tight supply situations, could soften with expanded supply coupled with the recent strengthening of the Rand.

US Dollar 1 = Rand 10 (11/01/2002)

[www.sagis.org.za](http://www.sagis.org.za)

[www.grains.co.za](http://www.grains.co.za)

[www.safex.co.za](http://www.safex.co.za)

[www.fews.net](http://www.fews.net)

[www.wfp.org](http://www.wfp.org)

**CORN**

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Harvested	3225	3223	3350	3350	3600	3600
Beginning Stocks	2041	2040	490	475	790	1175
Production	7483	7500	9100	9200	9500	9500
TOTAL Mkt. Yr. Imports	395	395	800	700	250	300
Oct-Sep Imports	0	0	750	700	650	300
Oct-Sep Import U.S.	0	0	0	414	0	200
TOTAL SUPPLY	9919	9935	10390	10375	10540	10975
TOTAL Mkt. Yr. Exports	1281	1280	1600	1300	1800	1500
Oct-Sep Exports	1415	1415	1200	1300	1700	1400
Feed Dom. Consumption	4148	3590	4000	3400	4000	3525
TOTAL Dom. Consumption	8148	8180	8000	7900	8000	8000
Ending Stocks	490	475	790	1175	740	1475
TOTAL DISTRIBUTION	9919	9935	10390	10375	10540	10975

**Production**

In the table above the 2001 crop is shown as 9.2 million tons while the final estimate was 9.1 million tons for the commercial and developing crop combined. This is due to the fact that actual deliveries exceed the crop estimate as was the case over the past few seasons. Most figures in this report are rounded to the nearest 5,000 tons.

The 2002/2003 summer rainfall season started late, making it difficult to predict the size of the new, (2002), crop currently being planted. Further general rains are needed urgently as planting has started while optimum planting dates in the eastern areas are approaching rapidly. Corn can be planted later in the western areas as the season is longer. The starting dates for planting depend on rainfall but the ending dates are restricted by the heat units that can be expected during the growing season as well as by the possibility of early frost. Indications are that early plantings increased as farmers try to take advantage of current high prices. In addition, the area under irrigation is expected to increase from last season's 67,000 hectares, again to take advantage of the favorable prices on offer. At a yield of 10 tons/ha. under irrigation and \$187/ton for white corn (March 2003), irrigating corn is profitable. In addition it has been reported that fertilizer sales are 20% higher than at the same time last year again showing that farmers are going all out

to produce a big crop. At this stage growing reports of a moderate El Nino effect are the main concern. The best yield forecast we can make at this stage is to use the average yield of the last few seasons which gives the following scenario.

CORN	Area planted 2001	Final Est.	Intended area 2002	Production forecast
Commercial	'000 ha.	'000 mt.	'000 ha.	'000 mt.
White corn	1 722	5 066	2 050	6 000
Yellow corn	1 111	3 716	1 031	3 200
Total corn	2 833	8 782	3 081	9 200
Developing agriculture				
White	408	245	410	250
Yellow	109	72	109	50
Total	517	317	519	300
Total corn				
White	2 130	5 311	2 460	6 250
Yellow	1 220	3 787	1 140	3 250
Total corn	3 350	9 099	3 600	9 500
Delivery est.		9 200		9 400

Unfortunately, based on actual deliveries to the silos, the last few crops seems to have been underestimated as especially white corn deliveries exceeded the commercial crop estimate and in some cases the total estimate including the crop in the developing agricultural sector. The following table contains the details:

	White corn	Yellow corn	Total corn
Crop estimate, '000 mt.	FAS 1999	PY 1999/2000	MY 2000/2001
Commercial production	6 155	3 985	10 140
Total production	6 450	4 110	10 560
Deliveries *	6 510	4 025	10 535
Difference	+60	85	25
Crop estimate	FAS 2000	PY 2000/2001	MY 2001/2002
Commercial production	4 110	3 115	7 225
Total production	4 300	3 185	7 485
Deliveries*	4 360	2 910	7 270
Difference	+60	85	25
Crop estimate	FAS 2001	PY 2001/2002	MY 2002/2003
Commercial production	5 065	3 715	8 780
Total production	5 310	3 790	9 100
Delivery to date** March 02 to September + Expected deliveries October to March TOTAL	5290 60 5350	3795 55 3850	9085 115 9200
Difference	+40	+60	+100

\* Adding early deliveries to correspond with the crop year.

\*\* Including 305,000 tons of white and 420,000 tons of yellow totaling 725,000 tons delivered early.

## Consumption

While the report PS&D includes the crop in the developing sector, the commercial PS&D, based on actual deliveries to

the silos, is more important to analyze the market.

South Africa: Corn commercial PS&D based on actual deliveries.

	FAS 2000	May 2001 to	April 2002	FAS 2001Est	May 2002 to	April 2003
'000 mt.	White	Yellow	Total	White	Yellow	Total
B/stocks	1245	795	2040	255	220	475
Total Prod.*	(4300)	(3200)	(7500)	(5310)	(3790)	(9100)
Deliveries	4360	2910	7270	5350	3850	9200**
Imports	45	350	395	400	300	700
Supply	5650	4055	9705	6005	4370	10375
Exports	760	520	1280	900	400	1300
Dom. use	4635	3315	7950	4500	3400	7900
E/stocks	255	220	475	605	570	1175

\* Including developing sector

\*\* Includes 305,000 tons of white and 420,000 tons of yellow totaling 725,000 tons delivered in March and April 2002 before the start of the current marketing year plus an allowance for further deliveries this season.

Consumption is affected by the high corn prices as white corn domestic disappearance for the first five months of the current season (May to September) is about 15% lower than the corresponding period of the previous season, while cheaper yellow corn consumption increased by about 11.5%. Total consumption is running about 5% lower than at the same stage in 2001/02. As a result we had to cut back on our consumption estimate for the season. On November 1, the SAFEX futures prices were as follows:

Rand/mt.	Nov. 2002	December	March 2003	May 2003	July 2003
White corn	1790	1816	1872	1847	1786
Yellow	1410	1434	1473	1523	1538
Wheat	1987	2030	2095	2160	N.A.
Sunflower	N.A.	2660	2695	2760	2835

Soybeans	N.A.	2550	N.A.	2620	N.A.
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At about R10 to the dollar the March 2003 white corn price equates to about \$187/ton which explains the interest in producing an early crop. Corn futures prices have been declining as the stronger Rand over the past few days and the better supply situation have been taken into account.

## Trade

CORN IMPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
MY May/April 01/02	47	348	395
MY May/April 02/03			
May 02	48	47	95
June 02	76	7	83
July 02	44	26	70
August 02	30	0	30
September 02	53	0	53
May to Sept. 02	251	81	332

South Africa has bought 437,000 tons of white corn from the US this year, of which about 298,000 tons, including the 47,000 tons in the previous marketing year, have been delivered implying that another 140,000 tons is on its way. The S&D analysis suggests that not much more will be needed while yellow corn imports are also slow, but is expected to pick up as imported corn still enjoys a cost advantage in the coastal areas.

The import tariff on corn was totally removed on September 23.

In spite of the regional famine, South Africa's exports to the region have been slow. If the current rate continues exports for the season will only total about 1 million tons. The export shipment rate per month this season is actually lower than in the past two seasons. The slow sales are due to high prices and financial constraints in the region.

CORN EXPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
MY May/April 00/01	810	615	1425
Per month	67.5	51.25	118.75

MY May/April 01/02	760	521	1281
Per month	63.33	43.42	106.75
MY 02/03 May/Sept.	278	138	416
Per month	55.6	27.6	83.2
Total at current rate	667	331	998
Total season estimate	900	400	1300

Sales will thus have to pick up considerably over the next seven months to reach the 1.3 million ton seasonal estimate. The South African government has committed itself to supply 100,000 tons to the World Food Program for famine relief, which will have to be procured locally. In addition, the WPF may be buying non GMO corn from South Africa to supply Zambia which is not accepting GMO corn. Zambia and Malawi have reportedly been granted \$50 million each by the IMF for famine relief, some of which may also reach the South African market.



**WHEAT**

PSD Table						
Country	South Africa, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	934	934	959	959	940	941
Beginning Stocks	550	536	599	571	639	583
Production	2349	2353	2490	2416	2400	2292
TOTAL Mkt. Yr. Imports	550	499	500	564	500	500
Jul-Jun Imports	550	539	500	500	500	370
Jul-Jun Import U.S.	0	23	0	20	0	25
TOTAL SUPPLY	3449	3388	3589	3551	3539	3375
TOTAL Mkt. Yr. Exports	200	232	250	246	250	250
Jul-Jun Exports	221	205	250	270	250	300
Feed Dom. Consumption	10	60	10	50	10	50
TOTAL Dom. Consumption	2650	2585	2700	2722	2700	2700
Ending Stocks	599	571	639	583	589	425
TOTAL DISTRIBUTION	3449	3388	3589	3551	3539	3375

**Production**

While the 2001 wheat crop is still estimated at 2.493 million tons, only 2.416 million tons were delivered, and that number is used as production in the PS&D above.

The third estimate of the 2002 winter crops by the National Crop Estimates Committee was released on the 21<sup>st</sup>. of

October. The total wheat crop estimate was decreased by about 100,000 tons to about 2.3 million tons. The biggest adjustment was to the crop in the Free State which was decreased by about 86,000 tons. This estimate only reflects conditions up to mid October and does not fully reflect the damage caused by late frost in September, which affected quality, and the very hot and dry October which affected the potential yield. The crop estimate may decline further to about 2.2 million tons in November. The following table reflects the change in the estimate between the second and third estimates:

Province	3rd estimate mt.	Change in mt.	% Change
Western Cape	900,050	0	0%
Northern Cape	270,000	-10,000	-3.7%
Free State	777,600	-86,400	-11.1%
Eastern Cape	8,750	0	0%
Kwazulu	41,820	-1,180	-2.8%
Mpumalanga	112,200	-11,000	-1%
Limpopo	41,800	0	0%
Gauteng	12,000	-500	-4.2%
North-West	128,700	0	0%
TOTAL	2,292,970	-99,180	-4.2%

## Consumption

Using the actual deliveries of 2.416 million tons as production for the 2001/2002 season and SAGIS exports and imports of 246,000 tons and 564,000 tons respectively, consumption amounts to 2.799 million tons. This is a more than 8% increase on the previous season while direct milling for local human consumption at 2.527 million tons is only 4.2% more than the previous season's consumption of 2.424 million tons. The total consumption figure showed in the PS&D includes withdrawals by producers i.e. for seed, flour exports of about 68,000 tons and sundries of about 43,000 tons. About 70,000 tons wheat equivalent of flour is exported to African countries annually but included in local consumption whole grain data.

## Trade

The preliminary trade situation for the 2001/2002 season can be compared to the previous season.

	My 2000/01 October/September	My 2001/02 October/September*
Imports, own use	308,000 mt.	408,000 mt.
For re-export	191,000 mt.	156,000 mt.
Total imports	499,000 mt.	564,000 mt.
Exports, own whole wheat	33,000 mt.	70,000 mt.
Re-exports	200,000 mt.	176,000 mt.
Total exports	233,000 mt.	246,000 mt.

\* Preliminary.

The import tariff has been totally withdrawn on September 23 and wheat can now be imported duty free. Imports for 2002/03 is still estimated at 500,000 tons but this will be influenced by the changes in the crop estimate. Due to the high international prices South Africa is importing 100,000 tons from Eastern Europe (Kazakhstan) . The import parity prices from different sources can be supplied.

2002/10/30	US HRW Gulf	US DNS Gulf	Arg.Trigo Pan	Austr. ASW	Can. CWRSI
Price \$/ton	192.00	205.00	147.00	215.00	228.00
Ocean freight	19.00	19.00	16.00	16.00	14.50
Insurance	0.58	0.62	0.44	0.65	0.68
C.I.F. \$/ton	211.58	224.62	163.44	231.65	243.18
Exchange rate	\$ = R10.04				
C.I.F. Rand/ton	2124.31	2255.33	1640.97	2325.81	2441.58
Financing cost	29.68	31.51	22.93	32.50	34.12
Discharge cost	95.58	85.58	85.58	85.58	85.58
Import tariff	0	0	0	0	0
F.O.R. Durban	2239.57	2372.32	1749.48	2443.89	2561.28
Delivered Randfontein	2374.57	2507.32	1884.48	2578.89	2696.28
SAFEX Randfontein	2030.00 December				